

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
DECEMBER 3, 2019**

ITEM 6

SUBJECT

CONSIDERATION OF A RESOLUTION TO AMEND THE POLICY FOR
IMPLEMENTING THE DRINKING WATER STATE REVOLVING FUND (DWSRF)

DISCUSSION

The Policy for Implementing the Drinking Water State Revolving Fund (DWSRF Policy) was written to implement the federal Safe Drinking Water Act's DWSRF Program in California. The DWSRF Policy sets forth the requirements to obtain DWSRF and complementary financing.

On July 1, 2014, responsibility for management of the DWSRF Program was transferred from the Department of Public Health to the State Water Resources Control Board (State Water Board), and the State Water Board adopted the DWSRF Policy on October 21, 2014. The DWSRF Policy was amended on February 5, 2019.

Recently, with the implementation of the Financial Information System for California (FI\$Cal), the DWSRF Program has experienced a backlog in processing new funding agreements and funding agreement amendments. The following changes are proposed by the Division of Financial Assistance (Division) to better manage the funding agreement amendment process currently used by the Program. The major changes to the DWSRF Policy include (1) eliminating the Final Budget Approval amendment, and (2) incorporating the Final Budget documentation into the Project Disbursement process.

The proposed revisions are expected to minimize the volume of amendments of the executed DWSRF funding agreements, thus allowing contract staff to focus on processing new funding agreements and allow recipients to draw construction funds sooner. Projects that need additional funds as a result of the bidding process may still request an amendment. Other changes include clarifying edits, renaming terms, and synchronizing language between the DWSRF Policy and the Clean Water State Revolving Fund Policy.

Two exhibits have been prepared by the Division to explain the proposed DWSRF Policy Amendment: Exhibit A and Exhibit B.

Exhibit A is a strikeout/underline version showing the proposed changes to the DWSRF Policy relative to the existing DWSRF Policy. Most of the proposed changes appear in Sections XII and XIII of the DWSRF Policy. It uses the following color-coding system

(Microsoft Word's Track Changes tool) to indicate original text, deletions, and new text to the existing DWSRF Policy:

Original Text (no change): Black;
Deleted Text: Red with strike-through text; and
New Text: Red and underlined

Exhibit B is a clean version of the proposed amended DWSRF Policy showing how the DWSRF Policy would read if all of the Division's proposed changes were approved by the State Water Board.

POLICY ISSUE

Should the State Water Board adopt the proposed DWSRF Policy Amendment to guide implementation of the DWSRF Program?

FISCAL IMPACT

The changes to the DWSRF Policy will assist Division efforts to improve efficiency of the DWSRF Program. There may be negligible fiscal impacts associated with the implementation of the proposed amendment, which will be absorbed in the administrative cost of the program. Applicants may see a decrease in the cost of applying for DWSRF financing since the proposed amendment will reduce the volume of financing agreement amendments and reduce the need for applicants to seek bridge financing.

DIVISION OF DRINKING WATER IMPACT

The DWSRF Policy amendment will continue to support the Division of Drinking Water in addressing water quality and/or quantity issues.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed DWSRF Policy Amendment to guide implementation of the DWSRF Program.